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SUBJECT: PAKISTAN'S NATIONAL BOOK FOUNDATION

¶1. (SBU) Summary: This cable contains an action request, see paragraph 9. The National Book Foundation (NBF) has the mandate of providing affordable textbooks, reference books and research books to university students as well as promoting the growth of a domestic book industry. This mandate has developed into a successful non-profit government enterprise which promotes Pakistani authors, literacy, information dissemination and the domestic printing and publishing industry. Amendments to Pakistan's copyright laws provide for compulsory licensing of textbooks to a government entity on a not-for-profit basis, allowing the NBF to translate and reprint textbooks of foreign origins without obtaining reprint rights or paying license fees or royalties. The NBF paid royalties to foreign publishers from its inception until 1984 when it stopped paying fees due to a severe shortage of funds. The NBF now says that it would like to restart a royalty payment program for foreign books that it has reprinted in Pakistan, but they also say they are encountering some resistance from book publishers. In view of the NBF's activities promoting literacy and education, Post believes that it would be advisable to find an equitable solution rather than attempt to curtail their activities. End summary.

¶2. (U) On October 7, Econoff met with NBF Managing Director Javed Akhtar and Secretary Aslam Rao to discuss the NBF's reprinting of foreign books without permission or royalties and to better understand NBF's work in Pakistan in general. In response to requests from the Department of Commerce (DOC) to explore the possibility of a digital video conference (DVC) between the American Association of Publishers (AAP) and the NBF, Econoff visited NBF to pursue the issue of compulsory licensing, to discuss a meeting between NBF and the American Association of Publishers (AAP), and to seek the NBF's views on copyright in general in comparison to the book publishing industry's views.

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PAYING THEIR DUES
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¶3. (SBU) Javed Akhtar told Econoff that he is very much in favor of "doing the right thing" and restarting royalty payments to foreign publishers for books reprinted in Pakistan. They were also very interested in potential co-publication arrangements in cooperation with foreign publishers. Aslam Rao said that he had been contacting foreign publishers regarding reprint rights and license fees, but had had a very low response rate. He said he hoped to meet with representatives of the Publishers Association of the U.K., the American Association of Publishers (AAP) and the International Publisher's Association (IPA) during an upcoming visit to the Frankfurt Book Fair in October. They were of the opinion that the NBF actually had a damping effect on book piracy because few booksellers could afford to undercut the NBF's low prices. (Note: Industry has previously reported that NBF sold its product at or above the legitimate price.) Both assured Econoff that they would be open to audits of their printing runs by third parties and that they maintained internal checks to prevent unauthorized print

overruns. In addition, they said, the NBF is empowered to take action against illegal copies of their own books, an added benefit in a co-publication arrangement. The NBF receives requests for reprints of foreign books directly from a university, and it then polls other universities to determine the actual demand for that book and thus the number of copies needed. The NBF is part of Pakistan's Intellectual Property Task Force, which includes the Intellectual Property Organization (IPO), the Federal Investigation Agency (FIA) and Pakistan Customs.

14. (SBU) When asked to offer an opinion on why publishers in the United States are not interested in granting print licenses to NBF, Rao and Akhtar told EconOff that the publishers think that Pakistan is a small market that can be catered to from India. Rao and Akhtar highlighted the rollercoaster political relations between the two countries and stressed that the arrangement cannot be sustainable until the two countries sort out their bigger issues. Pakistan today is a country of 170 million people with 45 percent of the population aged between 18-24 (i.e. school and university age), and not a negligible market. They suggested that perhaps the US publishers could form another region comprising Pakistan, Sri Lanka, Nepal and the Central Asian countries. Printing and publishing partnerships could also be created in Pakistan where the cost of printing is lower than India.

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HISTORY OF THE NBF
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15. (U) Aslam Rao provided a detailed history of the NBF and its mandate in Pakistan. The NBF was founded in 1972 with the purpose

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of providing affordable textbooks to Pakistani students, after shortages of textbooks led to unrest on university campuses. At that time, all textbooks used in Pakistan came from outside the country and were beyond the means of most Pakistani students to afford. The 1972 devaluation of Pakistan's currency raised prices by over 100 percent when the exchange rate went from PKR 4 per dollar to PKR 9.9 to a dollar. One of the NBF's primary functions was to provide textbooks and academic books through local production. An amendment in 1973 to the Copyright Ordinance of 1962 allowed for compulsory licensing of textbooks. In 2000, the Copyright Ordinance was amended again and the section regarding compulsory licensing of textbooks was revised to specify that it could only be done by a government entity and on a non-profit basis.

16. (SBU) Nonetheless, from its foundation until 1984, the NBF paid a royalty of two percent of the foreign listed price to foreign publishers. According to Rao, the NBF has never had a funding grant from the GOP, and Ali alleged that the corruption during Zulfikar Ali Bhutto's tenure as Prime Minister ate through what capital the NBF did have. Thus in 1984 it was decided that, ostensibly to reduce the NBF's costs, it was not necessary to pay royalties since Pakistani law authorized the reprints without them. From the mid-nineties on, after Pakistan joined the WTO and the Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement came into effect for WTO members, the NBF began to experience increasing pressure from foreign publishers and their local agents regarding royalty payments.

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A SUCCESSFUL ENTERPRISE
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17. (U) The NBF earned PKR 250 million (USD 3.2 million) in FY2007-08, primarily from the sale of textbooks. According to Rao, it is the biggest single distribution channel for books in Pakistan, with twenty-two outlets, including their main headquarters in Islamabad, provincial headquarters, branch offices and stand-alone bookstores. It has worked with Pakistani authors to develop its own line of primary and secondary school textbooks, approved by the Ministry of Education. In addition, the NBF runs several literacy promotion programs, including Braille books which it distributes free of charge around the world, translation of children's books

into Urdu, promotion of children's books authors and a very popular reader's club which enables members to buy books for half price. Akhtar and Rao highlighted Wah Cantt (a town 35 kilometers from Islamabad), which has a 99 percent literacy rate, and Islamabad Capital Territory which also has a very high literacy rate, as areas where the NBF's programs and textbooks have been particularly successful.

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ALTERNATIVE VIEW
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¶8. (SBU) Ameena Saiyid of the Oxford University Press, for one industry example, remains steadfastly hostile to the National Book Foundation's activities saying, "They should not be printing books. They should promote book sales and publishers and not be in competition with them." This view lends some credence to Rao's claim that foreign book publishers have been unresponsive to NBF offers to pay license fees. The American Association of Publishers has offered the view that their priority in Pakistan is law enforcement and public awareness issues before discussing print licensing arrangements or joint ventures. The Pakistan Publishers and Booksellers Association, a domestic publishing trade organization, has collaborated successfully with the NBF to organize international book fairs in Lahore and Karachi.

¶9. (U) Action Request: Post has learned that DOC and the U.S. Trade Representative (USTR) are no longer interested in pursuing a Digital Video Conference (DVC) between the stakeholders, but Post requests that DOC and USTR facilitate a meeting between the NBF and the AAP at the Frankfurt International Book Fair from October 15 to 19 where the NBF is maintaining a booth.

¶10. (SBU) Comment: While it is possible that Akhtar and Rao were being disingenuous and self-congratulatory about the NBF's achievements, the offer to begin paying royalties or print license fees appears legitimate. While the payment of licensing fees does not address the issue of compulsory licensing as allowed in Pakistani law, it can be seen as an effort to improve the situation and mend fences. In view of the NBF's activities to support and promote Pakistani authors, literacy and education, Post does not believe it is advisable to advocate any action that would curtail

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these efforts. Post recommends working toward a collaborative solution between the NBF and the international publishing community, which could include joint publishing ventures and partnerships. End comment.

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